

Message Text

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ORIGIN ARA-17

INFO OCT-01 ADP-00 EB-11 OEP-01 GSA-01 INT-08 CIEP-02

COME-00 AID-20 OMB-01 TRSE-00 CIAE-00 DODE-00 PM-09

H-02 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

SS-15 USIA-12 /128 R

DRAFTED BY ARA/ BC/ B: JRBINNS

4/17/73 X 23076

APPROVED BY ARA: MR. CRIMMINS

ARA/ BC: JWFISHER

EB/ ISM: JKYLE (PHONE)

ARA/ ECP: JSLATTERY

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P 172320 Z APR 73

FM SECSTATE WASHDC

TO AMEMBASSY LA PAZ PRIORITY

C O N F I D E N T I A L STATE 071891

E. O. 11652: GDS

TAGS: BL, PFOR

SUBJ: CONSULTATIONS ON STOCKPILE DISPOSALS

REF: LA PAZ 2160

1. ACTING ASSISTANT SECRETARY CRIMMINS AND MESSRS. KYLE (EB/ ISM) FISHER AND BINNS (ARA/ BC) MET WITH AMBASSADOR VALENCIA AND MINISTER COUNSELOR LORIA AFTERNOON APRIL 16 TO BEGIN CONSULTATIONS ON TIN AND OTHER STOCKPILE COMMODITY DISPOSALS. MR. CRIMMINS MADE FOLLOWING POINTS IN DETAILED EXPLANATION U. S. PROPOSALS. CONSULTATION APPLIES ONLY THOSE COMMODITIES ALREADY COVERED BY LEGISLATIVE AUTHORITY, NOT THOSE ITEMS AND QUANTITIES CONTAINED IN NEW STOCKPILE DISPOSAL BILL SENT TO CONGRESS TODAY. ALTHOUGH U. S. SUSPENDED COMMERCIAL TIN DISPOSAL PROGRAM NEARLY FIVE YEARS AGO, AUTHORITY EXISTS TO DISPOSE OF 18,000 TONS EXCESS TIN OF WHICH WE PROPOSE SELL 3,000 TONS DURING FY 73 AND 15,000 TONS IN FY 74. AS IN PAST, DISPOSAL PROGRAMS WILL SEEK TO
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AVOID DISRUPTION USUAL MARKETS. U. S. DISPOSAL PROPOSALS HAVE BEEN UNDER CONSIDERATION FOR SEVERAL WEEKS AND ACCORDINGLY DO NOT REPRESENT PRESIDENT NIXON'S RESPONSE TO PRESIDENT BANZER'S RECENT MESSAGE ON TIN DISPOSALS (REFTEL). AS YET WE HAVE NO INFORMATION AS TO HOW THE PRESIDENT MAY RESPOND TO THIS MESSAGE. MR. CRIMMINS ASKED AMB. VALENCIA ADVISE GOB THESE PROPOSALS SOONEST AND REQUESTED RESPONSE WITHIN TEN WORKING DAYS (NOT LATER THAN AY 1). HE STRESSED THAT USG PREPARED TO TAKE LEGITIMATE ARGUMENTS PRODUCER COUNTRIES INTO ACCOUNT IN DECIDING FINAL DISPOSAL PROPOSALS. MR. KYLE THEN OUTLINED DISPOSAL PROPOSALS FOR ANTIMONY (4,500 SHORT TONS THIS FY AND 12,000 S/ T IN FY 74), TUNGSTEN (NO CHANGE IN CURRENT DISPOSAL PROGRAM QUANTITY OF 14 MILLION POUNDS) AND LEAD (ACCELERATED COMMERCIAL " BUY BACK' ARRANGEMENTS WITH DOMESTIC U. S. PRODUCERS). HE ALSO PROVIDED AMB. VALENCIA WITH TEXT PRESIDENT'S MESSAGE SENDING NEW BILL TO CONGRESS, TEXT OF NEW BILL AND COMPLETE DOCUMENTATION REGARDING CURRENTLY AUTHORIZED DISPOSALS.

2. WITH RESPECT NEW LEGISLATION, MR. CRIMMINS SAID THAT REVISED STOCKPILE OBJECTIVES, IF APPROVED BY CONGRESS, WOULD RESULT IN ADDITIONAL 191,000 TONS EXCESS TIN, AND POINTED OUT THAT PROPOSED LEGISLATION CONTAINS PROVISIONS SIMILAR TO EXISTING LAW WITH RESPECT TO AVOIDANCE UNNECESSARY MARKET DISRUPTION. WE INTEND TO CONTINUE OUR POLICY OF ADVANCE CONSULTATION WITH RESPECT TO ANY DISPOSALS UNDER NEW LEGISLATION. IN NO CASE, HE SAID, WOULD U. S. ENGAGE IN " DUMPING" TIN OR OTHER EXCESS COMMODITIES.

3. AMBASSADOR VALENCIA EXPRESSED APPRECIATION FOR U. S. CONSULTATION PRIOR DISPOSAL ACTION AND STATED HE WOULD ADVISE HIS GOVERNMENT OF U. S. PROPOSALS IMMEDIATELY. OBSERVING THAT HE IS NOT ECONOMIST AND THEREFORE COULD NOT ASSESS POSSIBLE IMPACT U. S. PROPOSALS ON BOLIVIAN ECONOMY, WHICH HEAVILY DEPENDENT ON TIN AND OTHER MINERALS EXPORTS, HE EXPRESSED HOPE THAT U. S. IS PREPARED REVISE PROPOSALS IF GOB ANALYSIS DEMONSTRATES PROPOSED PROGRAM WOULD SERIOUSLY HARM BOLIVIA. HE NOTED ECONOMIC DISLOCATION IN MINING SECTOR COULD SHARPLY INCREASE UNEMPLOYMENT AND CAUSE CIVIL UNREST, WEAKENING FRIENDLY BANZER GOVERNMENT AND ENCOURAGING EXTREMIST ELEMENTS. EXTREMISTS, HE SAID, WOULD SEIZE UPON THESE DEVELOPMENTS TO ATTACK

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U. S. FOR " ECONOMIC IMPERIALISM", WHILE IGNORING IMPERIAL-

ISTIC ACTIONS OF COMMUNIST NATIONS. ULTIMATE POLITICAL
RESULT, HE NOTED, COULD BE EXPANSION LEFTIST BLOC IN
SOUTH AMERICA WHICH IS SYSTEMATICALLY HOSTILE TO U. S.
AND ITS HEMISPHERIC INTERESTS.

4. MR. CRIMMINS THANKED AMB. VALENCIA FOR HIS FRANKNESS
AND OBJECTIVE REVIEW OF POSSIBLE CONSEQUENCES PROPOSED
DISPOSAL PROGRAMS. HE AGAIN REVIEWED OUR PROPOSALS,
STRESSING THE FOLLOWING POINTS: A) PROPOSALS DO NOT
REFLECT PRESIDENT NIXON' S RESPONSE TO PRESIDENT BANZER' S
MESSAGE; B) U. S. WILL TAKE PRODUCER COUNTRY RESPONSES TO
OUR PROPOSALS INTO ACCOUNT IN DECIDING ON FINAL DISPOSAL
PROGRAMS; AND C) IT IS ESSENTIAL GOB RESPOND THESE
PROPOSALS WITHIN TEN WORKING DAYS.

5. FYI PROPOSED FY 74 DISPOSAL OF 15,000 TONS TIN IS
BARGAINING POSITION. OUR DISPOSAL OBJECTIVE FOR TIN IS
3,000 TONS DURING CURRENT FY AND 10,000 TONS IN FY 74.
DISPOSAL OBJECTIVES OTHER COMMODITIES ARE AS INDICATED
ABOVE. END FYI. ROGERS

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